

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-327-E

IN RE:

Application of Duke Power, a Division of Duke
Energy Corporation, for Approval of the
Transfer and Sale of Property in South Carolina)
)
)
APPLICATION

Duke Power, a division of Duke Energy Corporation (“Applicant” or the “Company”), hereby applies to the Public Service Commission of South Carolina (“Commission”) for approval of the transfer and sale of certain real estate, the Great Falls Hydro Maintenance Facility located in Chester County, South Carolina (the “Property” or “Great Falls Facility,” and more fully described in Exhibit “A”). The property is located in the Duke Power’s service area in South Carolina. This Application is made pursuant to Section 58-27-1300, Code of Laws of South Carolina, (1976, as amended). In support of this Application, the Company shows the Commission the following:

1. Its general offices are at 422 South Church Street, Charlotte, North Carolina, and its mailing address is:

Duke Power
422 S. Church Street, PBO5E
Charlotte, North Carolina 28202

2. The name and address of Applicant’s attorneys are:

Lawrence B. Somers, Assistant General Counsel
Duke Power, a division of Duke Energy Corporation
P.O. Box 1244, PBO5E
Charlotte, North Carolina 28201-1244
(704) 382-8142

REC-2-17
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William F. Austin
Richard L. Whitt
Austin, Lewis & Rogers, P.A.
508 Hampton Street
Columbia, South Carolina 29201
(803) 256-4000

3. Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.
4. The Company is a public utility engaged in the generation, transmission, distribution, and sale of electric energy in the central portion of North Carolina and the western portion of South Carolina and is subject to the jurisdiction of this Commission.
5. The Great Falls Facility consists of certain real estate, which is not required for the Company's current utility operations. Exhibit "A" provides a detailed description of the Property.
6. The Great Falls Facility is being sold to United Contractors, Inc. of Chester, South Carolina. The transaction will not affect the Company's ability to provide reliable service to its customers at just and reasonable rates.
7. The Company and United Contractors, Inc. entered into an Agreement of Purchase and Sale for the Property at a sales price of \$820,000.00. The appraisal of the current market value of the Property is \$900,000.00 as indicated by a joint appraisal letter dated November 12, 2004 by Ronald K. Gooding, Jr. and Michael B. Dodds, both South Carolina Certified General Real Estate Appraisers, with offices located in Columbia, South Carolina. Exhibit "B" hereto is a copy of the joint appraisal letter. The depreciated book value of the Property is \$3,392,120.00. The appraised property includes a 14.46 acre industrial site improved with an approximately 39,000 square foot office building with associated warehouse, shop and garage facilities, and personal property that includes a crane hoist system.

8. The Great Falls Facility is located at 5562 Pendergrass Boulevard in Great Falls, South Carolina and was completed in 1991. This office housed operations that have been consolidated into other company facilities or moved to more appropriate space, rendering this property surplus. On March 10, 1998, The Tuttle Company, Inc. (Coldwell Banker Commercial) listed the Great Falls Facility for sale. A copy of the listing is attached hereto as Exhibit "C". Furthermore, the property has been continuously listed for sale since March 10, 1998. Little interest has been shown in the Property during the six years it has been listed for sale because of the depressed economy in Chester County. Due to the ongoing costs associated with the surplus building and the difficult real estate market in the area, Duke Power believes that accepting this offer is the best financial decision.
9. The original cost of the Property being sold will be credited as a reduction of the amount carried upon the books of the Company under Account 101, "Electric Plant in Service". The difference between the sale price and the original cost of the non-depreciable Property will be applied to Account 421.10, "Gain on Disposition of Property" or Account 421.20, "Loss on Disposition of Property".
10. Also, pursuant to the statute referenced hereinabove, the Consumer Advocate for the State of South Carolina is being served with a copy of this application.
11. Applicant requests that (i) this Commission inquire into this matter, (ii) if no substantial opposition develops, (iii) this Commission hear and approve this matter at the next appropriate weekly agenda session, and (iv) issue an appropriate order approving the relief sought in the Company's application. Applicant also requests such other and further relief as this Commission may deem just and proper.

WHEREFORE, Applicant prays that pursuant to Section 58-27-1300, Code of Laws of South Carolina (1976, as amended) that the Commission enter an order approving the transfer and sale of the subject property.

This the _____ day of November, 2004.

Lawrence B. Somers
Assistant General Counsel
P.O. Box 1244, PBO5E
Charlotte, North Carolina 28201-1244
(704) 382-8142

William F. Austin
Richard L. Whitt
Austin, Lewis & Rogers, P.A.
508 Hampton Street
Columbia, South Carolina 29201
(803) 256-4000

Attorneys for Duke Power, a Division of Duke
Energy Corporation

Columbia, South Carolina

Exhibit A

That certain tract of land situate, lying and being near Great Falls, Rossville Township, in Chester County, South Carolina, containing 14.46 acres, bounded on the west by U.S. Highway No. 21 and on all other sides by the lands of Grantor, as shown on a plat of survey prepared by Grantee entitled "Duke Power Company, Great Falls Hydro Maintenance Facility, Property Acquired From Crescent Resources, Inc." dated March 28, 1990, recorded in Plat Cab B Slide 132 at Page 7B, Records of Chester County; being a portion of the property conveyed to Southern Power Company by the American Development Company by deed recorded in Book 103 at Page 576, having been conveyed to Duke Power Company by Southern Power Company by deed recorded in Book 245 at Page 90, and having been conveyed to Crescent Land & Timber Corp. by Duke Power Company by deed recorded in Book 444 at Page 549, all in the records of Chester County.

November 12, 2004

Mr. Kelly B. Barringer
Duke Energy
P.O. Box 1007 (ST-30C)
Charlotte, North Carolina 28201-1007

SUBJECT: Market Value Appraisal:
Duke Energy Hydroelectric Maintenance Facility
5562 Pendergrass Boulevard
Great Falls, Chester County, South Carolina
Integra Realty Resources - South Carolina File No. 110-04-276

Dear Mr. Barringer:

Integra Realty Resources - South Carolina is pleased to transmit the summary report of a complete appraisal of the referenced property. The purpose of this appraisal is to develop an opinion of the market value of the fee simple estate of the property as of October 25, 2004, the effective date of the appraisal.

This report complies with the reporting requirements for a summary appraisal report set forth under Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. As such, it presents only summary discussions of the data, reasoning, and analyses that are used in the appraisal process. Supporting documentation concerning the data, reasoning, and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal as noted herein. The income approach is not presented in the appraisal process as it is not a meaningful approach. The subject building is located in Great Falls, South Carolina and, as will be shown, is a super adequate improvement for the market area. The super adequate nature of the improvements coupled with the economic conditions of the Great Falls market area, results in this being an owner-occupied facility and is not likely to be leased. A conclusion of value by the income approach would not have any measurable contribution to a final opinion of value.

The site has an area of 14.46 acres; it is improved with a one-story industrial building constructed in 1990 that contains 38,810 square feet of gross building area. As of the effective date of the appraisal, the property has been vacant for approximately five years.

IRR.

Mr. Kelly B. Barringer
Duke Energy
Page 2

Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed herein, it is our opinion that the market value of the Fee simple estate of the property, as of October 25, 2004, is:

NINE HUNDRED THOUSAND DOLLARS
(\$900,000)

We have also been asked to provide an opinion of the market value of the fee simple interest of the 37.68 acres of vacant land immediately adjacent to the 14.46 acres of improved land. Based on the analyses and conclusions in the accompanying report, and subject to the definitions, assumptions and limiting condition expressed herein, it is our opinion that the market value of the fee simple interest of the subject vacant land tract, as of October 25, 2004, is:

ONE HUNDRED FIFTY-ONE THOUSAND DOLLARS
(\$151,000)

The preceding value conclusions are not subject to any Extraordinary Assumptions and Hypothetical Conditions.

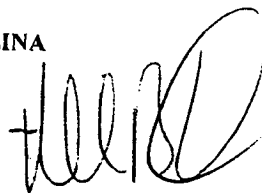
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - SOUTH CAROLINA



Ronald K. Gooding, Jr.
Certified General Real Estate Appraiser
Certified General Certificate #CG 3347



Michael B. Dodds
Certified General Real Estate Appraiser
Certified General Certificate #CG 543

Exhibit C

FOR SALE

Duke Energy Hydroelectric Maintenance Facility

5562 Pendergrass Blvd. • Great Falls, South Carolina 29055



- Constructed: 1990-1991 • Office: 9,360 SF • Shop: 17,920 SF
- Warehouse: 4,000 SF • Small Warehouse: 1,950 SF
- Small Office: 1,296 SF • Truck Garage: 4,284 SF

Contact:

Will Jordan - Coldwell Banker Commercial - The Tuttle Company, Inc.

803-366-1158 ext 230 • 803-329-1386 fax

E-mail: wjordan@cetlink.net

Constructed: 1990-1991

Office: 9,360 SF

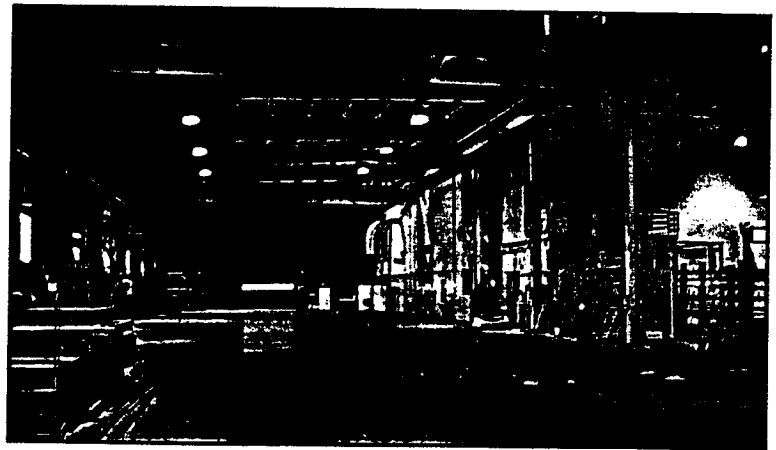
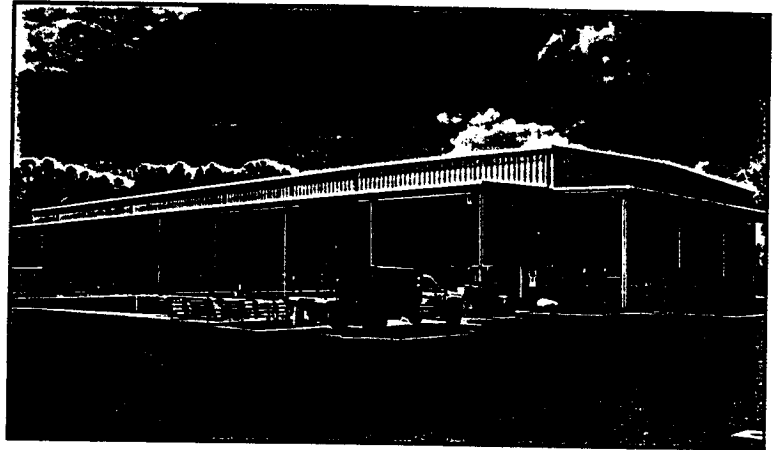
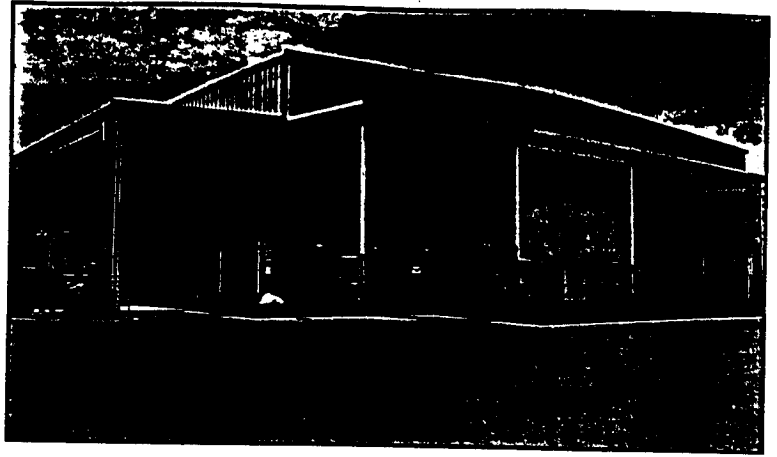
Shop: 17,920 SF

Warehouse: 4,000 SF

Small Warehouse: 1,950 SF

Small Office: 1,296 SF

Truck Garage: 4,284 SF



DUKE ENERGY HYDRO MAINTENANCE FACILITY

The Duke Power Hydroelectric Maintenance Facility was designed by Duke Power Company to accommodate the maintenance and repair of the components of Duke's hydroelectric generating units. It is a "state of the art" facility, with the capacity to house and operate the equipment and to provide the support necessary for the repair of components of the scope found in hydroelectric generation.

ECONOMIC INCENTIVES CHESTER COUNTY, SOUTH CAROLINA

- Fee-in-lieu-of-taxes
- Job Tax Credits
- Job Development Fees
- Job Training

SHOP: 17,920 SF

- 28' Clear height, 55.17' x 227.5' and 50.17' x 111.5' clear span
- 8" Concrete floor over 6" compacted stone base
- 5 Equipment pads, 10" to 12" concrete
- 7 Isolated equipment bases, 3' to 4' concrete
- Power: 277/480 V, 3 Phase 4 Wire, 2,500 Amps

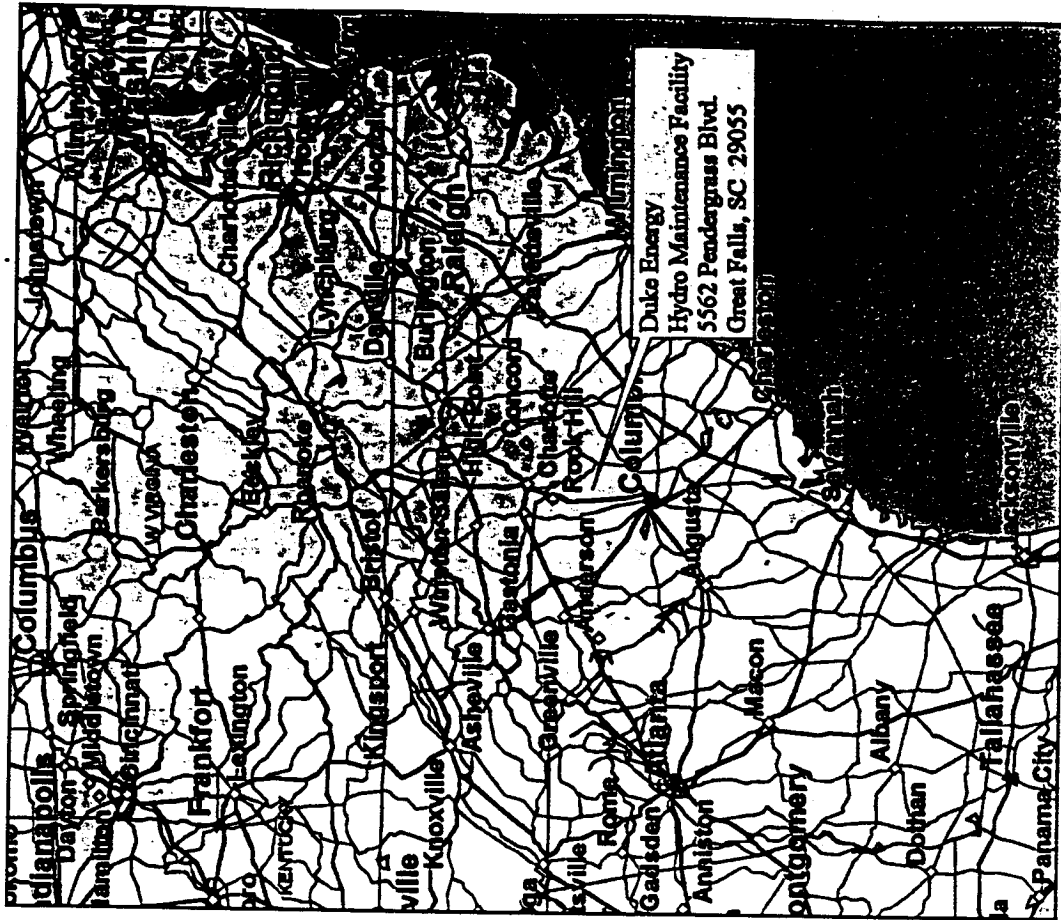
- Cranes: Two tracks, 20 ton capacity
- Access: Two ea 12' x 16' power roll-up doors
- Lighting: Metal Halide
- Heat: Electric forced air
- Sheds: 6,000 SF Storage, 1,200 SF Wash, 900 SF Wetblasting
- Storage Pad: 3,000 SF



Note: The data herein is from sources deemed reliable, but is subject to errors, omissions, and/or change without notice. Details and information important to the Buyer's decision-making process should be verified by the Buyer from official documents or field inspection.

DRIVING TIMES FROM SITE

- I-77 @ exit 48 10 Minutes
- Rock Hill, SC (exit 79, I-77) 40 Minutes
- Charlotte, NC (exit 11, I-77 & I-277) 50 Minutes
- Charlotte Douglas International Airport 65 Minutes
- Columbia, SC (exit 16, I-77 @ I-20) 40 Minutes
- Columbia Metro Airport 60 Minutes



Charlotte, NC, the country's fifth largest trade area, has 5,000,000 people within a 100-mile radius, and over half the United States population is within a day's drive or a ninety minute flight.



THE TUTTLE COMPANY, INC.
NORTHLAKE II OFFICE CENTER
448 LAKESHORE PARKWAY, SUITE 110
ROCK HILL, SC 29730
Each Office Is Independently Owned And Operated.

Contact:
Will Jordan
803-366-1158 ext 230
803-329-1386 fax
E-mail: wjordan@cetlink.net

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THE PUBLIC SERVICE COMMISSION OF
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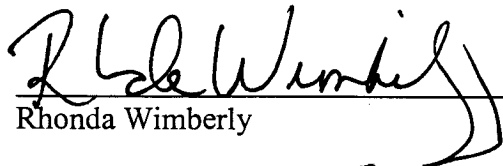
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)

**CERTIFICATE OF
SERVICE**

I, the undersigned, an employee of Austin, Lewis and Rogers, P.A., attorneys for Duke Power, a division of Duke Energy Corporation ("Duke"), do hereby certify that I have served the foregoing **APPLICATION** by hand delivery as set forth below:

VIA HAND DELIVERY

Elliot F. Elam, Jr.
Acting Consumer Advocate
for the state of South Carolina
3600 Forest Drive, 3rd Floor
Columbia, SC 29250


Rhonda Wimberly

November 17, 2004